



## Want to Get Paid? Get in Line

Posted by [Pierluigi Oliverio](#) on Monday, August 29, 2011

The San Jose Redevelopment Agency's financial obligations were discussed and voted on last week. The final chapter of RDA will be decided by the State Supreme court sometime before Jan. 15, 2012. Should RDA ultimately end, the state wants to know all of the enforceable obligations. Everything needs to be listed, from bond to lines of credit to legally binding contracts not yet paid out, including debt for affordable housing.

Rising out of the ashes to manage who gets paid will be a successor agency consisting of seven members that will oversee repayments and allocation of RDA tax increment. Two members will be appointed by Mayor Reed, and one of those two appointees must be a union representative. The county will also appoint two members. And the County Superintendent of Education, the Chancellor of California Community Colleges and the Santa Clara Valley Water District will each appoint one member.

This oversight agency will be overseen by the State Department of Finance and supervision from more political folks, like the State Treasurer and State Controller. What a group! If this comes to pass, I hope all these future meetings will be conducted in public.

The debt listed last week is not in any given priority, but just a straight list. However, the Council will be asked to give priorities on a future date. For me, the most important result is that any money left over after paying off bonds or lines of credit goes to the general fund. What we do know from the attorneys is that bond holders are first in line to be paid and the county is last in line.

As the State raided RDA coffers, cities were allowed to loan monies from others funds with the intention of being paid back, including interest by future RDA tax increment. However, eliminating RDA was never contemplated because voters passed Prop 22. These loans put general fund dollars at risk in certain cities, such as San Jose. It is similar to taking out a loan from a bank to improve a rental property. Paying back the loan would have been done from the rent received on

the rental property. But, in this case, the rental property was blown up by the same bank and so goes the ability to pay back the loan. It would be terrible governance for the state not to allow cities to pay back loans they used to pay the multiple state raids. Cities had full faith that they would be able to pay back loans, including the interest from future RDA tax increment.

Last week, Stanford University held a discussion examining the San Jose pension system. The Phd's from Stanford pointed out that the San Jose pension system could be fixed with a one-time tax increase from \$12,500 to \$16,000 a household. I have obtained the presentation and you may [download it from the District 6 website](#).

Finally, although I supported appointing Chris Moore as San Jose's police chief, I believe that if the Federal government is willing to provide individuals gratis to assist San Jose in suppressing gangs, then those individuals should be encouraged to stay. Personally, I am willing to appoint or support people where we may not always agree. And that is OK.

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